

GLOBAL QUALITY

Quality trends affect business around the world

By A. Blanton Godfrey

Joseph M. Juran used to say that quality's biggest enemy is demand that exceeds supply. Whenever that's the case, customers are willing to accept poor quality. In the former Eastern Bloc, we often saw long lines for mediocre bread and waiting lists years long for shabby automobiles. But when supply exceeds demand, the power quickly shifts to the consumer.

The recent rapid globalization of trade is creating unparalleled oversupplies of many goods and even services. Coupled with information technologies that provide customers with more data about prices, quality levels and product availability than ever before, globalization is having a major impact on quality worldwide.

Globalization affects quality in many ways. Some of the most noticeable are people's rising expectations and their demand for products and services of equal quality to what they see others receiving.

The prevalence of television programs and commercials throughout the world, the emerging ubiquity of the Internet and the increasing travel by millions of average people are bringing the knowledge of all kinds of products and services to everyone. There's hardly a village remote enough to be untouched by these changes.

Thomas L. Friedman, author of *The Lexus and the Olive Tree* (Anchor Books, 2000), a best-selling book on globalization, tells of visiting a tiny village in China just north of the North Korean border. While there he heard the speeches of the two candidates for village chief. The incumbent was promising to introduce more science and technology into agriculture, get more enterprises to locate in the village, and speed up procedures for generating wealth because the world is turning into one big market. When Friedman asked him where he got such ideas, the chief explained that he read newspapers and listened to the radio. He explained that they had a window factory in the village, but it could only sell locally. If it could improve the quality, the factory could sell abroad and make more money.

This is happening all over the world. If we can improve quality to world-class standards and still have a cost advantage, all we have to do is find a distribution channel to get the product to the consumers. These distribution channels are becoming more and more available. For many products, the Internet provides an easy outlet. Many companies are willing to list your products and provide the marketing throughout the world. If the product sells, they charge a small commission and you ship directly to the consumer.

New shipping channels are being created every day. For small products, air express delivery services now span the globe. For larger products, eager freight forwarders and shippers are more than willing to manage your whole logistics system. Companies that never dreamed of selling outside their hometowns or small regions are now becoming true global players.

Far from being overwhelmed by all the choices, the consumer – and even more often, the business purchaser – finds that the amount of information available is growing even faster than the number of available products. Within minutes, buyers can research similar products; check specifications; and compare prices, shipping times and costs.

The real global revolution is not in the products produced in one place and sold in another, but in the products designed and produced in many places and sold in many others. I recently saw examples of how complex this process is becoming: for some clothing products designed in the United States, the yarn is manufactured in the United States of Egyptian cotton using Japanese and German machines, made into fabric with Swiss machines in another company, cut and sewn into apparel in Mexico and sold in Japan over the Internet by a U.S. company using computers and telecommunications equipment made domestically and in Malaysia, Korea, Taiwan, Thailand, Finland, Sweden and Singapore.

We usually think only of goods when we think of globalization, but more and more services are becoming global. Friedman points out that 80 percent of America Online's e-mail queries are answered by

customer service representatives in the Philippines. Recent articles about the booming Irish economy have shown how Dublin has become the customer service headquarters for numerous international companies. Phones are answered in the correct language by multilingual representatives, and service is provided worldwide. GE Capital, Swissair and British Airways have all moved many of their back-office operations to India, where highly skilled English-speaking workers handle accounting and other tasks far more cheaply than could be done in the United States, Switzerland or England. What matters to these companies is both the cost and the quality of work they receive. Many U.S. health care organizations now routinely transfer voice recordings of doctors to Indian health specialists who transcribe these recordings into electronic medical records and transfer them back to the United States electronically.

Rapid globalization poses many new challenges for the quality professional. Many of our current procedures were developed for a much slower world and rely on human auditors and inspectors and cumbersome reporting structures. As we become more enmeshed in the global marketplace, we will all have to redesign many of our quality management practices and rethink many of the fundamentals.

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